



## AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

# MINUTES

SECTION 5.9(2)(a) LGA 1995

### Committee Brief

1. **Provide guidance and assistance to the local government -**
  - a) **as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and**
  - b) **as to the development of a process to be used to select and appoint a person to be an auditor; and**
2. **May provide guidance and assistance to the local government as to -**
  - a) **matters to be audited; and**
  - b) **the scope of audits; and**
  - c) **its functions under Part 6 of the Act; and**
  - d) **the carrying out of its functions relating to other audits and other matters related to financial management; and**
3. **Is to review a report given to it by the CEO under Regulation 17(3) (the CEO's report) and is to -**
  - a) **report to the Council the results of that review; and**
  - b) **give a copy of the CEO's report to the Council.**

A meeting of the Audit and Risk Management Committee was held in the Committee Room, Lowood Road, Mount Barker WA 6324, at 10.30am Tuesday 27 February 2018.

**Rob Stewart**  
**CHIEF EXECUTIVE OFFICER**

### Committee Members

*Cr J Moir, Cr M O'Dea, Cr J Oldfield and Cr C Pavlovich (Council 222/17)*

---

**TABLE OF CONTENTS**

---

<b>ITEM</b>	<b>SUBJECT</b>	<b>PAGE NO</b>
1	DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS	3
2	RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE	3
3	CONFIRMATION OF MINUTES	3
4	DISCLOSURE OF INTEREST	3
5	REPORTS OF COMMITTEE MEMBERS AND OFFICERS	4
	5.1 COMPLIANCE AUDIT RETURN 2017	4
6	ORGANISATIONAL RISK MANAGEMENT	6
7	GENERAL BUSINESS	6
	7.1 ROAD PROJECT BUDGETS	6
	7.2 REGIONAL ROAD GROUP – PROJECT EXPENDITURE	6
8	NEXT MEETING	6
9	CLOSURE OF MEETING	6

**Membership**

Cr J Moir

Cr M O'Dea

Cr J Oldfield

Cr C Pavlovich

Cr B Lang (Deputy for any member)

## **1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**

10.34am The Presiding Member declared the meeting open.

## **2 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE**

### Members Present

Cr M O'Dea (Presiding Member)

Cr J Moir

Cr J Oldfield

Cr C Pavlovich

### Visitors

Cr B Lang

### Staff

Mr R Stewart - Chief Executive Officer

Mr J Fathers - Deputy Chief Executive Officer

## **3 CONFIRMATION OF MINUTES**

**Moved Cr C Pavlovich, seconded Cr J Oldfield:**

**That the Minutes of the Meeting of the Audit and Risk Management Committee, held on 5 December 2017 as circulated, be taken as read and adopted as a correct record.**

**CARRIED**

## **4 DISCLOSURE OF INTEREST**

Nil

---

## 5 REPORTS OF COMMITTEE MEMBERS AND OFFICERS

### 5.1 COMPLIANCE AUDIT RETURN 2017

<b>File Ref:</b>	<b>N40896</b>
<b>Attachments:</b>	<b>Compliance Audit Return 2017</b>
<b>Responsible Officer:</b>	<b>John Fathers Deputy Chief Executive Officer</b>
<b>Author:</b>	<b>Donna Fawcett Senior Administration/Human Resources Officer</b>
<b>Proposed Meeting Date:</b>	<b>27 February 2018</b>

---

#### PURPOSE

The purpose of this report is to recommend to the Council the adoption of the Compliance Audit Return for the calendar year 1 January to 31 December 2017 and to enable the Council to fulfil its statutory obligations with regard to the Compliance Audit.

#### BACKGROUND

A Compliance Audit is required to be completed once in each calendar year.

#### STATUTORY ENVIRONMENT

The Compliance Audit is required pursuant to Section 7.13 of the Local Government Act 1995. The Local Government (Audit) Regulations 1996 includes the following sub regulations in Regulation 14:

- '(3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) After the audit committee has reported to the council under sub regulation (3A), the compliance audit return is to be –*
- (a) presented to the council at a meeting of the council; and*
  - (b) adopted by the council; and*
  - (c) recorded in the minutes of the meeting at which it is adopted.'*

After the Compliance Audit Return has been presented to the Council, a certified copy of the return together with:

- (a) A copy of the relevant section of the minutes referred to in the regulations; and
- (b) any additional information explaining or qualifying the Compliance Audit is to be submitted to the Department of Local Government and Communities by 31 March 2018.

#### FINANCIAL IMPLICATIONS

There are no financial implications for this report.

## **POLICY IMPLICATIONS**

Policy implications do not apply for this report and it is the opinion of the author that policy development is not required.

## **STRATEGIC IMPLICATIONS**

The Shire of Plantagenet Strategic Community Plan 2017-2026 provides at Outcome 4.6 (Effective and efficient corporate and administrative services) the following Strategy:

Strategy 4.6.1:

*'Provide a full range of financial services to provide accurate recording, management, security and reporting functions.'*

Accordingly, the recommended outcome for this report aligns with the Strategic Community Plan.

The Shire of Plantagenet Corporate Business Plan 2016/2017 – 2020/2021 includes Action 4.6.1.2 – Ensure the Audit function is carried out in accordance with legislative requirements.

## **OFFICER COMMENT**

The completed Compliance Audit Return is attached to the report. The 2017 Compliance Audit revealed one area of non-compliance, namely that a review of the delegations register was not completed by 30 June 2017. This was due to a full review of the register taking longer than expected. The reviewed and amended delegations register was adopted by Council on 5 December 2017.

## **VOTING REQUIREMENTS**

Simple Majority

## **OFFICER RECOMMENDATION**

*During discussion, it was noted that the Chief Executive Officer had made a conscious decision to defer presenting a renewal of the Register of Delegations until after June 2017, as it was being completely re-written. The Committee also noted that while the Strategic Community Plan had been adopted and Asset Management Plan / Long Term Financial Plan updated, the Corporate Business Plan and Workforce Plan were both due for review.*

**Moved Cr J Moir, seconded Cr J Oldfield:**

**That it be a recommendation to the Council:**

**That the Compliance Audit Return for the calendar year 1 January 2017 to 31 December 2017 be adopted and submitted to the Department of Local Government and Communities.**

**CARRIED**

## 6 ORGANISATIONAL RISK MANAGEMENT

In line with a previous Committee request, this item is listed as a permanent fixture on the agenda. The current Organisational Risk Register is attached for information.

*During discussion, it was agreed that the residual risk score for Risk 4.4.2 - Failure to uphold local laws should be amended to 'Moderate'.*

## 7 GENERAL BUSINESS

### 7.1 ROAD PROJECT BUDGETS

*The Committee raised the problems associated with the inadequate funds budgeted for the O'Neill Road (Albany Hwy - Slip Lane) and Langton Road (Lowood Road to Marmion Street) projects. The Chief Executive Officer advised that some purchasing practices had been tightened, particularly relating to use of panel tenders.*

**Moved Cr J Moir, seconded Cr J Oldfield:**

**That the Shire's auditor be requested to examine the budgeting processes for the O'Neill Road (Albany Hwy - Slip Lane) and Langton Road (Lowood Road to Marmion Street) projects, as part of the next audit report.**

**CARRIED**

### 7.2 REGIONAL ROAD GROUP – PROJECT EXPENDITURE

*The Committee noted that the Regional Road Group has previously advocated for member councils to advise the group if there is a strong possibility that funding will not be spent in the allocated years, so that moneys can be reallocated to those councils that can do the work. A query was raised as to how this could be triggered. The Chief Executive Officer advised that this matter would be included in the Governance Calendar for January each year.*

## 8 NEXT MEETING

To be advised.

## 9 CLOSURE OF MEETING

11.35am      The Presiding Member declared the meeting closed.

**CONFIRMED: PRESIDING MEMBER** \_\_\_\_\_ **DATE:** \_\_\_\_ / \_\_\_\_ / \_\_\_\_